



**To:** Vermont House and Senate Appropriations Committee  
**From:** Sue Minter, Capstone Community Action on behalf of Vermont Community Action Programs (VCAP)  
**Date:** February 19, 2021  
**RE: VCAP Micro Business Development Program and the EMBRACE COVID Response Stimulus Initiative**

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Thank you for believing in Vermont's smallest businesses. Your support for the Micro Business Development Program creates jobs, increases income, and becomes a bridge from poverty to financial independence.

Since 1988, Vermont's five Community Action Agencies (CAAs) have included Micro Business Development Programs (MBDPs). Our MBDPs have successfully supported low and moderate income Vermonters with a dream of entrepreneurship. **Our MBDP program differs from the more traditional economic development and business supports because it directly addresses economic disparity and inequality.**

Our business clients are low-income (80% of median income or lower) and often need individualized intensive counseling to turn their dream into a reality. While they come to us with a strong and viable vision, many lack savings or access to capital, due to limited banking relationships and poor or no credit history, making it difficult to launch a business. Moreover, our clients may face additional barriers to success such as physical and mental health disabilities, housing and transportation insecurity, and lack of education and training. Due to myriad barriers, **our entrepreneurs are often passed over by other small business counseling programs, that are suited to better educated, better resourced individuals. Moreover, these businesses have not been able to access the federal economic stimulus payments and programs.**

*In 2020, the VT Legislature supported the CAAs to create a unique COVID-19 recovery grant program for these businesses, called EMBRACE (Economic **M**icro **B**usiness **R**ecovery **A**ssistance for Covid-19 Epidemic), **which provided technical assistance and \$2.1 million in direct grants to micro businesses between August and December 2020.***

The Micro Business Development Program is funded by DCF's Office of Economic Opportunity. Our base funding has been level funded for over a decade, while the costs of administering the programs have risen steadily. We were grateful to receive additional one-time appropriations

of \$100,000 in FY18, FY19, and FY20 as recommended by the Commerce Committee and funding through our EMBRACE program to maintain current staffing levels for FY21.

- **For FY22, we are requesting an additional \$200,000 be added to our base funding to support robust, fully staffed programs at all five of the Community Action Agencies: CVOEO, Capstone, BROCC, NEKCA, and SEVCA.**
- **In addition, we are seeking \$2,000,000 to provide additional EMBRACE grants to small businesses effected by COVID-19 during the next 6 – 12 months.**

You can find more about the work of MBDP here: <https://mbdp.org> and the Community Action Agencies, including the Micro Business Development Programs, here: [Community Action Partnership Report 2020](#). You will also find a brief report on FY20 outcomes attached.

You can learn more about the EMBRACE Program and the businesses who benefited from it here: [EMBRACE Program Report and Testimonials](#). You will also find a brief outcomes report attached.

The time has never been more urgent to invest in anti-poverty and economic stimulus programs.

Thank you so much for your consideration of the important work of the Vermont Community Action Partnership.

Sue Minter

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**Northeast Kingdom Community Action** JENNA O'FARRELL [jofarrell@nekcavt.org](mailto:jofarrell@nekcavt.org)

**Southeastern Vermont Community Action** STEVE GELLER [sgeller@sevca.org](mailto:sgeller@sevca.org)



## Micro Business Development Program

gives low-to-moderate income individuals and families an opportunity to start, sustain, and expand their own businesses.

**INCREASE INCOME \* BUILD ASSETS \* CREATE JOBS \* REDUCE POVERTY**

### FY 2022 REQUEST

In addition to the \$293,000 in the base budget, we request \$200,000 to ensure we have the resources to fund robust MBDP programs at each Community Action Agency statewide.

### CUMULATIVE OUTCOMES

**2010—2020**

4,502 clients served

721 businesses started

904.7 FTE jobs created

\$12,032,412 in capital leveraged by client businesses

### FY 2020 OUTCOMES

During the pandemic, MBDP continued to assist business start-ups, expansions, and job creation, and also focused on supporting, sustaining, and saving businesses affected by COVID-19.

627 clients served

319 new clients

39 business start-ups

57 business expansions

32.5 FTE jobs created

34 who were unemployed gained employment

\$1,523,109 in capital leveraged by client businesses

EMBRACE COVID recovery grants, August—

December 2020:

436 grants totaling \$2,103,838.50

Since 1988, the Micro Business Development Program (MBDP) of the Vermont Community Action Agencies has helped to strengthen the economic self-sufficiency of more than 10,000 Vermonters as well as the economic vitality of our communities. We have launched or expanded more than 2,100 Vermont businesses, created thousands of jobs, and helped entrepreneurs leverage more than \$16 million in financing.

MBDP provides classes and 1:1 coaching to support entrepreneurs at every stage of the business process: from clarifying their ideas to completing market research, developing business and marketing plans, applying for funding, understanding taxes and bookkeeping, launch, problem solving, and growth. What makes us unique is our decades of experience supporting those with the least assets, credit, resources, networks, and/or readiness to start their own businesses. We support clients in developing their personal financial skills, credit history, and self-promotion skills so that they are ready to pursue business ownership. We partner with other organizations, including business lenders and social services, to ensure that participants have the resources they need to succeed.

MBDP clients count on us to provide individualized, focused support on their journey to self-sufficiency. 25% of our clients averaged 22 hours of 1:1 business counseling\*\*. Exceptional support allows for exceptional outcomes. ***“Business ownership is a proven pathway out of poverty, helping to increase income, create wealth, and move people off public assistance.”\****

\*Source: The Vermont Department of Children and Families - Outcomes for 2018, Agency of Human Resources - Department for Children and Families

\*\* For CVOEO clients; hours may vary statewide.

# MICRO BUSINESS DEVELOPMENT PROGRAM

## \* CLIENT SUCCESS STORIES \*

### BROC Community Action in Southwestern Vermont (BROC)



**Patricia Lewis** of Van Velzer Press, Pittsford, VT

“We were just going to quietly close. Now we have a powerful wave of energy to tackle some social marketing.”

For more about MBDP at BROC Community Action, please contact:  
Tyler Jokinen at [tjokinen@broc.org](mailto:tjokinen@broc.org)

### Capstone Community Action

**Nathan Payne** of Dream Anchor Photography, Williamstown, VT

"Applying for this grant allowed me to reflect on my business and honestly evaluate what critical aspects of my business I was overlooking due to financial concern. By going through this process, I addressed various aspects of my business that were limiting my current and future success. Even if [they] were to have denied me the funds, I would have had a better understanding of my business's weaknesses, which would have altered the course of my business for the better."

For more about MBDP at Capstone, please contact Liz Scharf at [lscharf@capstonevt.org](mailto:lscharf@capstonevt.org).



### Champlain Valley Office of Economic Opportunity (CVOEO)

**Krista Marzewski** of Story Yoga, Burlington, VT

We asked: what accomplishment are you most proud of?

“That I own my own business! Teach yoga at the Turning Point Center in Chittenden County, people in recovery, the senior population, LUND, persons with trauma, persons still in active addiction, I have my own apartment, pay my bills and have a savings account!! ALL due to this program & my coach!! John was FANTASTIC!! The staff is knowledgeable, caring, willing to help me achieve my dream & believe in myself again.”

For more about MBDP at CVOEO, please contact Kathryn Baudreau at [kbaudreau@cvoeo.org](mailto:kbaudreau@cvoeo.org).

### Northeast Kingdom Community Action (NEKCA)

**Janet Heartson** of Wellness Consulting, Barnet, VT

“I am incredibly grateful that you are helping me grow the services I offer in a way that meets a profound need in the community. Having a chronic illness that I manage, I understand the frustrations that come from not getting answers to ‘why am I so sick?’. Working with the medical community, taking the time to map out systemic imbalances and coach clients to a healthier outcome will be an honor and a privilege that you have afforded me. I will repay this by being dedicated and generous with my time and attention to those I serve.”

For more about MBDP at NEKCA, please contact Amy Robinson at [amy@nekcavt.org](mailto:amy@nekcavt.org).



### Southeast Vermont Community Action (SEVCA)



**Lysa Renee Mosca** of The SUSU Healing Collective LLC, Brattleboro, VT

“We are grateful to have access to E.M.B.R.A.C.E. funding to address our immediate needs. This grant helped us to make a swift transition to web based sales and continue serving our client base. We have been able to learn new skill, too, to support our market!”

For more about MBDP at SEVCA, please visit  
<https://www.sevca.org/economic-development/micro-business-development>



## **EMBRACE: Economic Micro Business Recovery Assistance for the COVID-19 Epidemic**

### **GRANTS FOR MICROBUSINESSES ACROSS VERMONT TO SURVIVE COVID**

#### **OUTCOMES**

**\$2,103,838.50 in grants provided**

**436 businesses received grants**

**Developed statewide website to support businesses:**

**<https://mbdp.org>**

#### **FY 2022 REQUEST**

**We request additional funds to provide grants to micro businesses effected by COVID-19 during the next 6—12 months. Stronger support will lead to stronger outcomes:**

- **\$1,000,000 in funding would support 2 grant specialists and providing 180 grants worth \$5,000.**
- **\$2,000,000 in funding would support 4 grant specialists and providing 360 grants worth \$5,000.**

The **Micro Business Development Programs (MBDPs)** of Vermont’s Community Action Agencies are experienced and agile in supporting low– to moderate-income entrepreneurs in starting, sustaining, and growing businesses.

In **response to COVID-19**, the MBDPs joined with the Vermont Community Action Partnership to establish the EMBRACE direct grant program to support businesses with five or fewer employees who were negatively effected by COVID-19. Grants ranged from \$2,500 to \$5,000. From August to December 2020, 436 grants were awarded, totaling over \$2,100,000.

**81.6% of grant applicants stated that EMBRACE would “prevent them from going out of business.”** Applicant demographics include:

- 62% are female or minority owned businesses;
- 39% have children living at home;
- 84% rely on self-employment for household income;
- 89% are sole proprietors or single member LLCs;
- 98% had not received any business financial relief before EMBRACE.

Number of grants by MBDP (with counties):

- CVOEO (Addison, Chittenden, Franklin, Grand Isle) = 116
- Capstone (Lamoille, Orange, Washington) = 99
- BROCC (Bennington, Rutland) = 82
- NEKCA (Caledonia, Essex, Orleans) = 70
- SEVCA (Windham, Windsor) = 69

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For more about MBDP at Capstone, please contact Liz Scharf at [lscharf@capstonevt.org](mailto:lscharf@capstonevt.org).



### Champlain Valley Office of Economic Opportunity (CVOEO)

**Matthew Gang** of Grey Owl Design, Burlington, VT

"Grey Owl Design specializes in laser cut wooden magnets, earrings, ornaments, buttons, ... and other products I haven't thought to make yet. I really appreciate this money (EMBRACE grant funds). I'm a self made man, very self reliant. It is difficult for me to be in a place where I need help. But I am thankful that help has been there for me during these crazy times. Thank you!"

For more information about MBDP at CVOEO, please contact Kathryn Baudreau at [kbaudreau@cvoeo.org](mailto:kbaudreau@cvoeo.org).

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